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SUBJECT: EX-IM BANK CHAIRMAN HIGHLIGHTS TRADE AND EXPORT OPPORTUNITIES
IN COLOMBIA

REF: A) BOGOTA 55; B) 09 BOGOTA 3415

¶1. (SBU) Summary: U.S. Export-Import (Ex-Im) Bank Chairman Fred Hochberg announced a \$1 billion Preliminary Commitment to Colombia's state-owned petroleum company, Ecopetrol, for the purchase of U.S. goods and services during a visit to Bogota and Cartagena on January 18-21. Ecopetrol's goals are to: expand its oil production to one million barrels per day by 2015; promote biofuels and petrochemicals; and modernize Colombia's two main refineries in order to handle heavy crude. The Chairman told President Uribe that Colombia is one of eight priority countries for Ex-Im Bank financing. He assured the President that the \$1 billion Preliminary Commitment is a significant step for Ex-Im Bank, and that the door is open for additional commitments to Colombia, which will help generate jobs in both countries. An appreciative Uribe highlighted Colombia's challenges and accomplishments, and the urgency for the U.S. Congress to approve the bilateral trade agreement. The Chairman told the business community he saw many Ex-Im financing opportunities for businesses, including small and medium sized companies, notably in the oil and gas, renewable energy, aviation, agriculture, infrastructure, environmental (water treatment) and health care sectors. End Summary.

¶2. (SBU) During a busy January 18-21 schedule, EX-IM Bank Chairman Hochberg met with President Uribe, Environment Minister Carlos Costa, Bancoldex President Gustavo Ardila, Ecopetrol President Javier Gutierrez, Finance Minister Oscar Zuluaga, Central Bank President Jose Dario Uribe, and representatives of Colombia's major ports. The Chairman addressed the business community in Bogota at an AmCham and Council of American Enterprises (CEA) gathering and met over lunch with members of Women Corporate Directors who are active in Colombia's financial sector. In Cartagena the delegation visited the port and refinery, and met with Barranquilla Mayor Alex Char, Cartagena Municipality Secretary General Alicia Saenz, and the business community of the two coastal cities. Commercial Counselor Maggie Hanson Muse, Ex-Im Chief of Staff Kevin Varney, Senior Vice President of Trade Finance and Insurance John McAdams, Americas Regional Director Xiomara Creque-Bromberg, and Press Spokesman Phil Cogan accompanied the Ex-Im Chairman throughout the visit.

¶3. (SBU) Chairman Hochberg and the Charg????, accompanied by the Ex-Im delegation and emboffs, met for nearly two hours with President Uribe at the presidential palace on January 19. President Uribe had with him the Minister of Environment, President of Ecopetrol, and the President of Bancoldex (Colombia's Ex-Im equivalent). Chairman Hochberg informed President Uribe that the Ex-Im Board had approved on January 15 a Preliminary Commitment of \$1 billion to Ecopetrol for the purchase of U.S. goods and services, which would be used in the oil company's expansion plans. Hochberg described the commitment as Ex-Im's first large step in Colombia, the third largest in Latin America after Brazil and Mexico.

¶4. (SBU) The Ex-Im Chairman told President Uribe that while Ex-Im Bank's relationship with Colombia is well established -- the first loan took place in the 1940s -- he sought to boost U.S.-Colombian trade and financial ties to a new level. The Chairman identified Colombia as one of eight priority countries (out of 150 candidates) that will be the focus of Ex-Im collaboration over the next three to four years. The Chairman compared Colombia to the emerging BRIC

countries (Brazil, Russia, India, and China), suggesting that Colombia would fit nicely into that group of fast-growing developing countries.

¶5. (SBU) Chairman Hochberg praised President Uribe and Colombia for its sound economic and investment strategies and attention to social policies, which helped reduce poverty. The Chairman shared that prior to his first trip to Colombia he consulted two important friends of the country -- Congressmen Eliot Engel and Gregory Meeks, both of whom briefed him on Colombia's achievements. As a New Yorker, the Chairman noted how investment and prosperity returned to New York City after Mayor Giuliani reduced crime. Hochberg highlighted parallels between New York City and Colombia and praised President Uribe for enhancing security, which has led to the positive investment climate and economic development that Colombia enjoys today.

An Appreciative President

¶6. (SBU) President Uribe welcomed the Ex-Im Bank commitment, noting it will significantly help Colombia, particularly in obtaining international financial credit for Colombia's growing number of infrastructure projects. He expressed gratitude to the USG, stating that U.S. cooperation contributed greatly to Colombia's progress on security, ability to attract record levels of investment, and social cohesion. The President stated more than 400 state agencies have been reformed, and as of 2010 universal health care coverage would be achieved. Education is more readily available to Colombian youths than ever before; however, he admitted that more opportunities should be available to children under the age of six.

¶7. (SBU) Uribe stated Colombia is becoming a world class energy and minerals producer. Colombia is one of the world's top exporters of coal, the region's largest producer of biodiesel, and the second largest producer of ethanol in Latin America after Brazil. Colombia exports natural gas to Venezuela and electricity to Ecuador (even under drought conditions) and it is establishing with Panama by 2013 an energy interconnection line along the ocean floor. The President added that Colombia has or is installing

small biofuel energy plants in El Salvador, Guatemala, Honduras, Costa Rica, and the south of Mexico.

Ecopetrol's Ambitious Plans

¶ 8. (SBU) Ecopetrol President Gutierrez described the company's \$60 billion expansion plans through 2015 (averaging \$8-9 billion in investments per year) as focused on new exploration, increased crude production, petrochemicals, transportation, and biofuels (ref B). He noted that 60% of Ecopetrol's equipment comes from the United States and Ex-Im Bank's \$1 billion financing offer for U.S. equipment and services will build on that trend. Gutierrez added that with the Ex-Im commitment Ecopetrol intended to work with SENA (Colombian Training Institute) to provide training and job opportunities to local minorities and was interested in collaborating with USAID.

¶ 9. (SBU) Gutierrez said that the picture was not always positive. In 2002, projections predicted an imminent end to Colombia's

petroleum self-sufficiency; oil production registered slightly more than 230,000 barrels per day. However, because of sound GOC policies and strong investor confidence, Colombia is now producing 734,000 barrels of oil per day. The objective is to reach one million barrels of oil per day by 2015.

¶ 10. (SBU) President Uribe noted that foreign direct investment in Colombia reached an all-time high in 2008 -- \$10.6 billion. The vast majority of the investments are in the oil and mining sectors. Despite the world financial crisis, Colombia has fared relatively well, with foreign investment reaching approximately \$8.5 billion in 2009. Uribe noted that while the United States remains Colombia's number one investor, Colombia has attracted investment from a diverse group of countries, including Spain, France, UK, South Korea, China, Chile, and Brazil.

¶ 11. (SBU) Gutierrez highlighted Ecopetrol's efforts to produce and distribute cleaner diesel fuel throughout Colombia. He noted that the GOC has lowered the particles per million (ppm) in diesel outside of the capital, reducing it from 2,500 to 500, and the trend is to lower that figure even further by 2012. Diesel in Bogota has 50 ppm. Highlighting Colombia's commitment to improve air quality, Minister of Environment Costa said Colombia is already operating public buses that use biodiesel. Cars are also using biodiesel and ethanol blends, and Colombia will soon be importing cars that have the "Euro 4" standard, the first country in Latin America to do so.

Colombia's Constructive International Role

¶ 12. (SBU) The Charg???? thanked President Uribe for Colombia's leadership role in the Copenhagen climate change negotiations and its relief assistance to Haiti following the tragic earthquake (ref A). He also noted that donated U.S. firefighting equipment would arrive soon to help Colombia combat its spreading forest fires. The Charg???? highlighted how Colombia has transformed itself from an aid recipient to a valued partner. Colombia is sharing its knowledge and expertise in Central America, Mexico, and other parts of the world on key issues such as security, energy, and climate change.

¶13. (SBU) President Uribe responded by noting Colombia has trained more than 11,000 Mexican police and is working closely with the security forces of Panama, Costa Rica, Guatemala, and Caribbean nations, such the Dominican Republic, on law enforcement and counter-narcotics. He added that Colombia recently assisted Paraguay in resolving a kidnapping. Despite differences with Venezuela, Bolivia, and Nicaragua, President Uribe noted Colombia has many friends. It has signed Free Trade Agreements (FTA) with Chile, Mercosur, Central America (El Salvador, Guatemala, and Honduras), Canada, and is still in talks with the EU. Colombia has also negotiated Bilateral Investment Treaties with China and India. All these efforts, the President said, have transformed Colombia and raised business confidence in the country. He indicated he seeks greater access to the world's markets for Colombia.

Another Plug for FTA

¶14. (SBU) President Uribe emphasized the importance of U.S.

Congressional ratification of the U.S.-Colombia FTA. He indicated that bilateral U.S.-Colombia trade had declined notably in 2009, which made ratification of the trade accord more urgent. The President said he hoped that after the U.S. health care reform debate, President Obama would put the trade accord before the U.S. Congress for a vote. Uribe emphasized that investors are watching Colombia closely, and many have said that once the United States ratifies the trade accord, their firms will choose Colombia for huge investments. Chairman Hochberg indicated that the past year has been particularly busy for President Obama, but he would relay President Uribe's message to Washington on the importance of the trade accord.

Courting Private Sector

¶15. (U) Chairman Hochberg addressed a combined AmCham and CEA forum of business leaders in Bogota. He highlighted Ex-Im Bank's interest in identifying projects that expand trade and export opportunities in the two countries. He noted Ex-Im loans or guarantees not only help promote Colombia's economic development but also assist in the export of high-quality U.S. equipment and services. The Chairman emphasized, as he did throughout all his meetings, that helping small businesses export their products - often to other small or medium sized companies - is a top priority of the Ex-Im Bank.

Ex-Im Opportunities in Cartagena

¶16. (SBU) Chairman Hochberg visited the Cartagena refinery, Reficar, which is undergoing a \$3.8 billion modernization and is evaluating financing options with Ex-Im. (Note: Ex-Im's collaboration is an outgrowth of a U.S. Trade Development Agency feasibility study in 1996. End Note.) The project will convert Colombia's refinery into a regional state-of-the-art operation with high environmental standards (ref B). The refinery will become operational in January 2013 and be able to refine heavy crude.

¶17. (SBU) Cartagena's Deputy Mayor Alicia Saenz told the visiting Ex-Im delegation that the city has five new hospitals and is looking to equip them with new medical equipment, preferably from the United States. She also noted that the city is undergoing a sovereign guarantee review and hopes to obtain a triple A rating, up from a triple B plus.

Comment: Ex-Im Commitment Drawing Attention to Colombia

¶18. (SBU) The Ex-Im Chairman's highly-productive visit -- which received prominent media coverage -- highlights the potential for increased trade and U.S. export opportunities in Colombia. The \$1 billion Ex-Im commitment will go a long way in drawing further attention to investment opportunities in Colombia -- which is embarking on a series of multi-billion dollar infrastructure projects over the next several years.

¶19. (U) The Ex-Im delegation cleared this message.
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